



ARIZONA DEPARTMENT OF ECONOMIC SECURITY

1789 W. Jefferson • P.O. Box 6123 • Phoenix, AZ 85005

Janet Napolitano
Governor

David A. Berns
Director

September 25, 2003

WIA GUIDANCE LETTER #08-03

SUBJECT: State Incentive Policy for Local Workforce Investment Areas (LWIAs) under the Workforce Investment Act for PY 2002

REFERENCE: P.L.105-220, §134(a)(2)(B)(iii) of the Workforce Investment Act (WIA); Subpart B, §665.200(e)(1)(2)(3) of WIA Final Rules dated August 11, 2000.

BACKGROUND: Each program year, the Governor's Council on Workforce Policy (GCWP) votes to set aside a portion of the Governor's discretionary funds for incentives for the state's LWIAs. For WIA PY 2002/FY 2003, the GCWP set aside \$689,000 for this purpose. As you know, there are two methods through which incentive funds are awarded. Method I awards are based on the extent to which an LWIA exceeds its Title IB negotiated levels of performance for the fifteen core measures, and the extent to which the state exceeds the two customer satisfaction measures. Method II awards are based on evidence that an LWIA has significantly enhanced its provision of WIA services through (a) coordination efforts among WIA and non-WIA partner programs, or (b) collaborative efforts with other LWIBs. As in PY 2001, **the PY 2002 incentive funds are being apportioned according to the following percentages: Of the \$689,000, 30% or \$206,700 is for Method I awards and 70% or \$482,300 is for Method II awards.**

METHOD I – 30% (\$206,700 Total Potential Award)

Under WIA, there are five performance categories: Adult, Dislocated Worker, Older Youth, Younger Youth and Customer Satisfaction. Each category is assigned 1/5 or \$41,340 of the Method I award funds. For the adult, dislocated worker, older youth, and younger youth core performance categories, an LWIA must *meet* every measure within a given performance category to qualify for any incentive award for that category. This means that an LWIA must achieve between 80% and 100% of its negotiated performance level for every measure in a core performance category to qualify for an incentive award. Incentive awards will then be granted to an LWIA based on the number of measures within each category that the LWIA *exceeds* (i.e. achieves 101% or more of the negotiated performance level). The maximum award for each LWIA is determined by employing the same formulas used in allocating PY 2001 Title IB funds. However, local areas that received less than 3% of the formula allocation will be eligible for no less than 3% of the total Method I funds. Therefore, the cap on award funds for each local area will be adjusted slightly to accommodate the 3% threshold for those local areas. The following example illustrates how the dollar amount of an award is determined for a core performance category:

EXAMPLE:

Within the Adult Performance Category, there are 4 performance measures: (1) Entered Employment, (2) Employment Retention, (3) Earnings Gain, and (4) Employment + Credential.

If an LWIA qualifies for an incentive award in the Adult category ('meets' all measures) and exceeds 1 measure out of the 4 adult measures, then the total incentive funds awarded to the LWIA = $1/4$ (or 25%) x \$41,340 x % of Method I Adjusted Cap to the LWIA.

Exceeding 2 out of the 4 adult measures would equal:
 $2/4$ (or 50%) x \$41,340 x % of Method I Adjusted Cap for the LWIA.

Exceeding 3 out of the 4 adult measures would equal:
 $3/4$ (or 75%) x \$41,340 x % of Method I Adjusted Cap for the LWIA.

Exceeding 4 out of the 4 adult measures would equal:
 $4/4$ (or 100%) x \$41,340 x % of Method I Adjusted Cap for the LWIA.

For the customer satisfaction measures, if the State exceeds its negotiated levels, each LWIA will receive an *equal* share of the \$41,340 assigned to this performance category.

Attachment I of this letter is a chart that lists each of the five performance categories and the measures within each category that will be used to determine the total Method I award earned by each LWIA. The chart's column labeled "Time Frame Used for Collection of Data" refers to the period of time used to examine cumulative performance for each measure for PY 2002. **WDA will notify each LWIA of its Method I award by February 2004.**

METHOD II – 70% (\$482,300 Total Potential Award)

Attachment II is the Method II incentive application for PY 2002. As Congress continues to examine how to better integrate workforce programs, we cannot over-emphasize the important role that strong linkages among One-Stop partners and LWIBs will continue to play in reducing administrative burdens and ensuring appropriate funding for Arizona's One-Stop system. With this in mind, Method II applications should describe collaborative efforts that re-orient programs toward innovative, *long-term plans* to broaden the One-Stop customer base and enhance service delivery. **Completed Method II applications should be mailed no later than Friday, November 14, 2003 to:**

Workforce Development Administration
1789 West Jefferson, Site Code 920Z
Phoenix, AZ 85007
Attn: Ms. Pat Gregan

All applications will be reviewed by a WDA management team and **applicants will be notified of award results no later than Wednesday, December 31, 2003.**

ACTION REQUIRED: Please ensure that this letter and its attachments are provided to appropriate staff. If you have questions, contact Ms. Pat Gregan, Manager of Planning and Program Development at (602) 542-3957.

Sincerely,

A handwritten signature in black ink, appearing to read "DRE", is positioned above the typed name.

David R. Ellis
Program Administrator (Interim)
Workforce Development Administration

DRE:PG:gg

Enclosures (2)

ATTACHMENT I	PY 2002 METHOD I INCENTIVE AWARDS CHART	
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PERFORMANCE CATEGORY	TIME FRAME USED FOR COLLECTION OF DATA: BASIS OF ANNUAL REPORT FOR PY 2002	TOTAL INCENTIVE FUNDS ASSIGNED TO EACH PERFORMANCE CATEGORY
ADULTS		\$41,340
Entered Employment	10/1/01 through 9/30/02	
Employment Retention – 6 Months	10/1/01 through 9/30/02	
Earnings Change in 6 Months	10/1/01 through 9/30/02	
Employment + Credential ¹	10/1/01 through 9/30/02	
DISLOCATED WORKERS		\$41,340
Entered Employment	10/1/01 through 9/30/02	
Employment Retention – 6 Months	10/1/01 through 9/30/02	
Earnings Replacement in 6 Months	10/1/01 through 9/30/02	
Employment + Credential ¹	10/1/01 through 9/30/02	
OLDER YOUTH		\$41,340
Entered Employment	10/1/01 through 9/30/02	
Employment Retention – 6 Months	10/1/01 through 9/30/02	
Earnings Change in 6 Months	10/1/01 through 9/30/02	
Credential Rate ¹	10/1/01 through 9/30/02	
YOUNGER YOUTH		\$41,340
Skill Attainment Rate ²	7/1/02 through 6/30/03	
Diploma/Equivalent Attainment Rate ³	7/1/02 through 6/30/03	
Retention Rate	10/1/01 through 9/30/02	
CUSTOMER SATISFACTION		\$41,340
Employers ²	7/1/02 through 6/30/03	
Exiters ⁴	7/1/02 through 9/30/03	
30% TOTAL STATE ALLOCATION – METHOD I		\$206,700

FORMULA FOR DETERMINING INCENTIVE AWARD FOR A PERFORMANCE CATEGORY:

$$\frac{\text{No. of Performance Measures Exceeded}}{\text{No. of Measures in a Performance Category}} \times \$41,340 \times \% \text{ Method I Adjusted Cap for LWIA}$$

¹ Although a credential can be obtained at any time during program participation, this is an *exiter based measure*, which means the outcome is not reported until after exit. (The deadline for participant attainment of a credential is the end of the third quarter after exit.)

² These measures are *not exiter based*. Outcomes are included in performance measurement as they occur during the program year being examined.

³ Although a diploma or its equivalent can be obtained at any time during program participation, this is an *exiter-based measure*, which means the outcome is not reported until after exit. (The deadline for participant attainment of a diploma or its equivalent is the end of the first quarter after exit.)

⁴ The customer satisfaction measure for WIA exiters includes the program year being examined, plus the succeeding quarter to account for "soft exits" (i.e. those participants who have not participated in WIA activities for a period of ninety (90) days and with whom the LWIA has lost contact.)

ARIZONA INCENTIVE APPLICATION
Method II – Successful Practices

PURPOSE: The Method II – Successful Practices Incentive Award is specifically intended to encourage, creative and untried collaborations and coordination efforts among LWIBs and One-Stop system partners throughout the state that will result in a re-orientation of programs toward innovative, *long-term* plans to broaden the One-Stop customer base and enhance service delivery.

EXPECTED OUTCOMES OF METHOD II COLLABORATION EFFORTS:

- Organizational models which improve the efficiency and effectiveness of delivering workforce development services in response to regional and local economies and emerging trends.
- Identification of new and redirected resources to enhance the effectiveness of regional or local systems.
- Effective service delivery through integration of existing partnerships in economic development, employment and training services, welfare reform, and school reform into collaborative partnerships and processes consistent with the goals of Arizona's One Stop Career Center system.
- Building a single system out of a number of employment and training programs that currently have a parallel existence and which could be channeled to effectively address shared objectives, regionally or locally.

PART I – INSTRUCTIONS: This application applies to PY 2002 (7/1/02 – 6/30/03). The Incentive Policy and this application will be reviewed annually and are subject to revision based on previous years' experiences.

- All Local Workforce Investment Boards in the state are eligible to apply for Method II funds.
- LWIAs may collaborate and submit a joint application; however, each LWIA must submit separately, even though the applications will be duplicated.
- The application must include an executive summary.
- Typed using a font size of 12 point (font size may not be smaller than 12 points)
- Doubled-spaced
- One-inch margins
- Application should be no more than 15 pages (Attachments will count toward the 15-pages). Although we anticipate most applications will be 10-15 pages in length (including attachments), points will not be deducted for **less** than 15 pages.
- Application must be submitted to the Arizona Department of Economic Security, Workforce Development Administration by November 14, 2003 no later than 5:00 p.m. Applications submitted after the deadline will not be accepted.

PART II – SCORING:

- A. Scoring Process: Each Method II – Successful Practices Awards Application will be screened by state staff to ensure that it meets eligibility requirements **and that the application falls within the format specifications (See Page 1, Part I “Instructions”).** Staff will then score each application.
- B. Scoring Method: The following two-tiered evaluation method will be used to score the Successful Practices Application.

Tier I: **An application must receive at least 71 points to be considered for an incentive award.**

Tier II: Once an application has met the criteria in Tier I, incentive funds will be awarded based on the amount of points received from Category 4 – Focus on Results. The percentage of allocation will be calculated based on the amount of points received in Category 4 divided by the total points in Category 4. For example, a score of 25 points is received in Category 4 divided by the total points available (30 points) equals 83.3% of the award.

PART III – APPLICATION FOR INCENTIVE GRANT:

- Answer **all** questions in each of the four categories.
- The proposal will be reviewed based on the following **four categories**:

Category 1 – Purpose and Activities (25 points)

Effective initiatives have a clear and well-understood purpose, a coherent component set, and well organized activities to attain results. Describe the initiative by answering the following questions:

- A. Mission (15 pts) - The initiative should present a clear and consistent mission.
1. Describe the process used to identify the initiative. What made this initiative important to your region/local area?
 2. Who was involved in developing the initiative/process? How has your initiative/process evolved based on partner/regional input?
 3. What were/is the specific purpose or outcome desired from the initiative?
 4. Explain how focusing on providing better customer service influenced the development of the initiative?
- B. Activities (10 pts.) – The initiative's mission should be in alignment with the mission of the local boards and other key stakeholders in the community.
1. Describe the activities the local boards, One-Stop partners, and other stakeholders engaged in as part of the initiative. How do these activities support the mission of the initiative?

Category 2 – Organizational and Management (25 points)

Effective initiatives are well managed, promote collaboration, and follow continuous improvement principles. Provide a description of the initiative by answering the following questions:

- A. Leadership (5 pts.) – The initiative should encourage continuous and competent leadership at the board and staff level.
 - 1. Attach a list of the regional collaborators, One-Stop staff, Local Board(s) and other partners involved in the initiative (Include name, title, and affiliation.).
 - 2. What does your initiative do to ensure that your board demonstrates leadership and appropriate oversight of the process?
 - 3. Describe the process for involving appropriate staff in the initiative. How did these activities contribute to the achievement of the initiative goals?
- B. Collaboration (5 pts.) – The initiative should encourage community synergy through collaboration.
 - 1. Describe the types of collaborative linkages developed to support the regional or local coordination initiative.
 - 2. How will the specific purposes of the collaboration serve to advance the workforce development system?
- C. Continuous Improvement (10 pts.) – The initiative demonstrates a knowledge of and use of continuous improvement processes.
 - 1. Describe the management practices you employed in this initiative that demonstrate continuous improvement.
 - 2. How was the data that you collected used to assess the initiative for continuous improvement purposes? How will this information be used to sustain or adapt the initiative to support regional collaborative or local coordination efforts?
- D. Resources (5pts.) – An initiative following continuous improvement principles will facilitate the attraction of additional resources.
 - 1. What types of financial (cash) and non-financial (in-kind) support did you obtain for the initiative and from what sources?
 - 2. How did you pool these resources to meet the objectives of the initiative?

Category 3 – Workforce Development/System Change (20 points)

- A. Partner Awareness, Strategic Planning and System Readiness (5 pts.)
 - 1. How did the initiative nurture an increased awareness of regional/local workforce development issues?
 - 2. Describe how strategic planning principles were used in the formation of the initiative's goals?

B. Private Sector Engagement (15 pts.)

1. How did the local board recruit private sector representatives for the effort?
2. Describe how the private sector was involved and participated in the initiative.
3. How will the private sector continue to be involved in the initiative?

Category 4 – Focus on Results (30 points)

A. Outcome Data (10 pts.) – Establish obtainable goals and measurable objectives that reflect the result of the initiative.

1. How does the initiative define success?
2. How does the initiative measure results?

B. Accomplishments (10 pts.)

1. What objective and quantifiable results has your initiative produced?
2. Are there outcomes you believe you produce, but are not able to measure? Please describe.

C. Future Impacts (10 pts.) – The initiative should build upon each of its successes, incorporate best practices, and eliminate processes that are inefficient and/or ineffective.

1. What types of benefits might this initiative have on Title IB or partner performance measures in the future?
2. What changes did you make in the local workforce area (policies, procedures, relationships, activities, etc.) as a result of participation in this initiative?
3. What are some of the positive impacts on local or regional workforce programs that may result from this initiative?

Part IV. APPEALS PROCESS FOR METHOD II - INCENTIVE GRANT AWARDS

It is the policy of the ADES Workforce Development Administration (WDA) to assure equal, impartial selection of awardees for Method II incentive funds, based on the scoring methodology established in this application. The following procedure must be followed should a Local Workforce Investment Area (LWIA) wish to appeal a WDA award decision:

- (1) Within fifteen (15) working days of receipt of an award decision, the LWIA must submit, in writing, an appeal which includes:

Part IV. APPEALS PROCESS FOR METHOD II - INCENTIVE GRANT AWARDS (Continued)

- The category number, category title, and section within the category that is being appealed.
 - Reason(s) for the appeal, signed by the LWIB Chairperson and the WIA Program Director.
- (2) The LWIA shall submit two (2) ORIGINALS of the completed and signed appeal to the Arizona Department of Commerce, 1700 West Washington Street, Suite 600, Phoenix, AZ 85007, Attn: Stan Flowers.
- (3) Within fifteen (15) working days of receipt of the appeal, the GCWP Performance Measures Subcommittee will review the appeal, the original Method II application submitted by the LWIA, and the score sheets used to evaluate the application, and forward a response to the LWIA. *If applicable*, the response will detail any changes in the score and/or the amount of incentive funds awarded to the LWIA. The decision of the Performance Measures Subcommittee is final.